

DEPARTMENT OF TRANSFORMATION AND SHARED SERVICES
OFFICE OF STATE PROCUREMENT

Cooperative Procurement Substantial Compliance Checklist

Procurement Unit Requesting Permission to Use Cooperative Contract

Requesting Agency: Department of Transformation and Shared Services

Phone Number: (501) 682-6574 Email: Jesse.Jones@dfa.arkansas.gov

Purchasing Contact: Jesse Jones

STEP 1 – General Information

Cooperative Procurement Agency/Organization: Sourcewell

Address: 202 12th Street NE

Contact Person: Laura Dwyer

Phone Number: (218) 894-5470 Email: laura.dwyer@sourcewell-mn.gov

Contract Number: 100319-CLA

Vendor Name: Colonial Life & Accident Insurance Company

Phone Number: (800) 325-4368 Email: lparsons@coloniallife.com

Procurement Type: Technical and General Services

Is the service or commodity exempt? Yes* No

If yes explain the legal source of the exemption: _____

***If the service or commodity is exempt, you do not need to complete the rest of this form.**

Contract Term: November 22, 2019 - November 22, 2023

Purchase Description: Disability, Accident, Critical Illness, & Supplemental Insurance

STEP 2 – General Submission Requirements

1. Was the solicitation advertised to the public preceding the date of bid or proposal opening for no less than 5 days and no more than 90 days? Yes No

If the solicitation was advertised to the public for less than 5 days or for longer than 90 days, please identify how long the notice period was: _____

2. Were sealed bids or proposals opened at a designated time and place? Yes No

3. Was there a witness to the opening? Yes No

4. If the solicitation was in the form of a Request for Proposals (RFP), skip to step 6 below. If the solicitation was in the form of an Invitation for Bids (IFB), please answer the following.

- Were the names of bidders and amount of their bids read aloud and recorded? Yes No

- If the names of the bidders and the amount of their bids were not read aloud, were the names of the bidders and the amount of their bids communicated or made available to the public in some other manner? If so, please explain how:

- Was the award made to the responsive and responsible bidder who has submitted the lowest bid that met the requirements and criteria set forth in the bid? Yes No
- 5. Skip to step 7 below.
- 6. If solicitation was done by RFP, were all proposals evaluated based on established Evaluation and Selection Criteria set forth in the solicitation? Yes No
- 7. Were protests allowed as part of the process? Yes No
- 8. If the solicitation was sealed, were all bids/proposals received kept secure and unopened until the date and time of bid/proposal opening? Yes No

STEP 3 – Economic Justification to Be Completed by State Agency

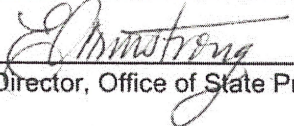
A cooperative review request from a state agency must include a verifiable economic justification as to why using the cooperative purchasing agreement is more cost effective or likely to realize savings than conducting a solicitation.

Sourcwell is a government organization that has already gone through the procurement process to procure life insurance from Colonial Life being requested by TSS Employee Benefits Division. By utilizing Sourcwell for life insurance, the administrative costs will not be incurred by the State of Arkansas. Therefore, the administrative costs will be a savings to the State. TSS Employee Benefits Division would like to join the Sourcwell contract to extend the life insurance benefits through Colonial Life. TSS Employee Benefits Division spends approximately 2.5 million each year on life insurance benefits.

STEP 4 – To Be Completed by OSP Director

- Approved: The cooperative procurement agreement referenced above has been determined to substantially meet the requirements of Arkansas procurement law.
- Denied: The cooperative procurement agreement referenced above has been determined not to substantially meet the requirements of Arkansas procurement law.

Additional justification, if any:



Director, Office of State Procurement

9/1/2021
Date

Reset Form

Email Form

Print Form

PARTICIPATING ADDENDUM

Sourcewell

Disability, Accident, Critical Illness & Supplemental Insurance

Sourcewell

(hereinafter "Lead Entity")

Master Agreement

Contract Number: 100319-CLA

Colonial Life & Accident Insurance Company

(hereinafter "Contractor")

and

State of Arkansas

(hereinafter "Participating State/Entity")

1. **SCOPE:**

This participating addendum (PA) covers the Sourcewell contract for Disability, Accident, Critical Illness & Supplemental Insurance administered by the Lead Entity for use by State agencies and other entities located in the State of Arkansas as authorized by that State's statutes to utilize cooperative contracts.

2. **PARTICIPATION:**

All eligible purchasers within the State of Arkansas, including State agencies, K-12 educational institutions, and local public procurement units (cities, counties, municipalities), are authorized to purchase products under the terms and conditions of this participating addendum.

3. **INDIVIDUAL CUSTOMER:**

Each state agency and political subdivision, as a Participating Entity, that purchase products/services **shall** be treated as if they are Individual Customers. Except to the extent modified by the State of Arkansas Participating Addendum, each agency and political subdivision will be responsible to follow the terms and conditions of the Master Agreement; and they will have the same rights and responsibilities for their purchases as the State has in the Master Agreement and this Participating Addendum. Each agency and political subdivision **shall** be responsible for their own charges, fees, and liabilities. Each agency and political subdivision **shall** have the same rights to any indemnity or to recover any costs allowed in the contract for their purchases. The Contractor **shall** apply the charges to each Participating Entity individually.

4. **ORDER OF PRECEDENCE:**

- A. Arkansas's Participating Addendum (PA); Arkansas's Participating Addendum **shall not** diminish, change, or impact the rights of the Lead State with regard to the Lead State's contractual relationship with the Contractor under the Terms of the Lead State's Master Agreement.
- B. Lead State's Master Agreement (includes negotiated Terms & Conditions)
- C. The Solicitation including all Addendums; and
- D. Contractor's response to the solicitation.

These documents **shall** be read to be consistent and complementary. Any conflict among these documents **shall** be resolved by giving priority to these documents in the order listed above. Contractor terms and conditions that apply to the Master Agreement are only those that are expressly accepted by the Lead State and **must** be in writing and attached to the Master Agreement as an Exhibit or Attachment. Notwithstanding the foregoing, ordering documents (purchase orders) may contain transaction-specific terms and each ordering document that is accepted by the Contractor **shall** become a part of this Agreement as to the products and services listed on the ordering document only. No other terms and conditions **shall** apply, including terms and conditions listed in the Contractor's response to the Solicitation, or terms listed or references on the Contractor's website, in the Contractor's quotation/sales order or in similar documents subsequently provided by the Contractor (unless such terms are referenced in the Master Agreement).

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5. **PAYMENTS AND INVOICE PROVISIONS:**

Payment will be made in accordance with applicable State of Arkansas accounting procedures upon acceptance by the Agency. The Participating State may not be invoiced in advance of delivery and acceptance of any products or services. Payment will be made only after the Contractor has successfully satisfied the ordering agency as to the goods and/or services purchased, rented or leased. Contractors should invoice the ordering agency by an itemized list of charges. Purchase Order Number and/or Contract Number should be referenced on each invoice.

Payments will be submitted to the Contractor at the address shown on the invoice. Payment should be tendered to the Contractor within thirty (30) days of the date of invoice. After the sixtieth (60th) day from the date of the invoice, unless mutually agreed to, interest may be paid on the unpaid balance due to the Contractor at the rate of one half of one percent per month in accordance with Arkansas Code Annotated §19-11-224. The Purchasing Entity will make a good-faith effort to pay within thirty (30) days after date of invoice. Payments may also be made via a Purchasing Entity's Purchasing Card ("P-Card"). The State shall have the right to dispute billed goods or services and withhold payment for those goods or services that are in dispute. Interest shall not be charged on disputed amounts while in dispute.

Contractor **shall** ensure that all invoices are sent directly to the State agency or local public procurement unit that purchased products from them.

All invoices should be forwarded to:

Employee Benefits Division
Attention: Accounts Payable
P.O. Box 15610
Little Rock, Arkansas 72231

6. **PURCHASE ORDER INSTRUCTIONS:**

All Participating Entities issuing valid purchase orders within the jurisdiction of this Participating Addendum should include the following

- A. Sourcewell Master Agreement number **100319-CLA**
- B. State contract number **4600049589/P000000123**
- C. Agency Name, Address, Contact, and Phone-Number
- D. Applicable approvals
- E. Orders shall be made out to the Contractor or Reseller

The Purchasing Entities shall not be required, by the Contractor or its subcontractors, to sign any additional terms and conditions when utilizing this Agreement.

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The parties acknowledge and agree that orders submitted to the Contractor from a Participating Entity through the Participating Entity's business P-Card are authorized purchase orders under the Sourcewell Master Agreement 100319-CLA.

7. REPORTING:

The Contractor **shall** provide monthly and quarterly reports, via electronic mail to EBD Director of Employee Benefits, Jake Bleed, Jake.Bleed@dfa.arkansas.gov or other State personnel as determined necessary or designated by the State, on a date as agreed upon and approved by EBD. Contractor **shall** include data as agreed upon and approved by EBD.

- a. Contractor **shall** provide a monthly customer service call center report in a time, manner, and format acceptable to EBD, containing agreed upon data, as approved by EBD.
- b. Contractor **shall**, at the end of each quarter, report in a time, manner, and format acceptable and approved by EBD, by the last calendar day of each month. Report **must** include the following:
 - i. Performance-related details regarding timeliness of claims processing for each month of each quarter.
 - ii. Customer service phone call response time for each month of each quarter.
 - iii. Other measurable administrative elements as determined by EBD.

8. RECORD RETENTION:

Financial and accounting records relevant to State of Arkansas transactions under this Addendum **shall** be subject to examination by appropriate Arkansas government authorities for a period of five (5) years from the expiration date and final payment under this Addendum or extension thereof, provided, however, that such government authorities will provide thirty (30) days written notice to the Contractor of its intent to conduct such examination contemplated by this section.

9. GOVERNING LAW:

The laws of the State of Arkansas **shall** govern this agreement. Nothing under this agreement or the Master Agreement **shall** be deemed or construed as a waiver of the State's right to sovereign immunity.

10. VENUE AND JURISDICTION:

Venue for any claim, dispute, or action concerning an order placed against the contract **shall** be Pulaski County, Arkansas. Any claims against the State, whether sounding in tort or in contract, **shall** be brought before the Arkansas State Claims Commission as provided by Arkansas law, and **shall** be governed accordingly.

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11. TAXES:

Personal Property tax will not be charged to Arkansas state agencies.

12. TRAVEL EXPENSES:

Expenses for travel **shall not** be reimbursed unless specifically permitted under the duties of the Contractor. All travel **must** be approved in advance by the State. Approved expenditures made by the Contractor for travel will be reimbursed at the current rate paid by the State and in accordance with Arkansas Travel Guidelines and Procedures.

13. CANCELLATION:

A. **For Convenience.** The State may cancel this Agreement for any reason by giving the Contractor written notice of such cancellation sixty (60) days prior to the date of cancellation.

B. **For Cause.** The State may cancel this Agreement for cause when the Contractor fails to perform its obligations under it by giving the Contractor written notice of such cancellation at least thirty (30) days prior to the date of proposed cancellation. In any written notice of cancellation for cause, the State will advise the Contractor in writing of the reasons why the State is considering cancelling the Agreement, and provide the Contractor with an opportunity to avoid cancellation for cause by curing any deficiencies identified in the notice of cancellation for cause prior to the date of proposed cancellation. The parties may endeavor to agree to reasonable modifications in the Agreement to accommodate the causes of the cancellation for cause and avoid the cancellation, to the extent permitted by law, and at the discretion of each party individually.

C. If upon cancellation the Contractor has provided services which the State has accepted, and there are no funds legally available to pay for the services, the Contractor may file a claim with the Arkansas Claims Commission under the laws and regulations governing the filing of such claims.

14. INDEMNIFICATION:

The following indemnification clause replaces in its entirety the Indemnification Clause specified in the Master Agreement.

INDEMNIFICATION – The Contractor **shall** be fully liable for the actions of its agents and employees, partners, and subcontractors and **shall** fully indemnify, defend, and hold harmless the Purchasing Entity and the State, and their officers, agents, and employees from suits, actions, damages, and costs of every name and description, including reasonable attorney's fees arising from or related to personal injury and damage to real or personal property, alleged to be caused in whole or in part by the Contractor, its agents, or employees, partners, and subcontractors. Language in this clause **shall not** be construed or deemed as the State's waiver of its right of sovereign immunity. The Contractor agrees that any claims against the State, whether sounding in tort or in contract, **shall** be brought before the Arkansas State Claims Commission as provided by Arkansas law, and **shall** be governed accordingly. This section is not subject to any limitations of liability in the Master Agreement or in any other document executed in conjunction with the Master Agreement.

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15. CONFIDENTIAL INFORMATION:

Under Arkansas law, the release of public records is governed by The Arkansas Freedom of Information Act found at Section 25-19-101 et. seq. of the Arkansas Statutes.

16. CONTINGENT FEE:

The Contractor guarantees that Contractor has not retained a person to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies maintained by the Contractor for the purpose of securing business.

17. DISCLOSURE:

Under Arkansas law, OSP is required to have a copy of EO 98-04 Disclosure Form on file for the Contractor. Contractor **shall** submit the disclosure form prior to entering into this Addendum. Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that order, **shall** be a material breach of the terms of this PA. Any Contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy **shall** be subject to all legal remedies available to the State.

18. RESTRICTION OF BOYCOTT OF ISRAEL:

Pursuant to Arkansas Code Annotated § 25-1-503, a public entity **shall not** enter into a contract with a company unless the contract includes a written certification that the person or company is not currently engaged in and agrees for the duration of the contract not to engage in, a boycott of Israel. By signing this Participating Addendum, a Prospective Contractor agrees and certifies that they do not, and will not for the duration of the contract, boycott Israel.

19. VENDOR REGISTRATION:

In order to receive payment, Contractor **must** register online at <https://www.ark.org/vendor/index.html>

20. FOR SERVICE CONTRACTS ONLY:

- A. **Equal Opportunity Policy.** In compliance with Arkansas Code Annotated § 19-11-104, if a state agency is purchasing services, the Office of State Procurement (OSP) is required to have a copy of the Contractor's *Equal Opportunity (EO) Policy* prior to entering into this Addendum. *EO Policies* may be submitted in electronic format to the following email address: eeopolicy.osp@dfa.arkansas.gov or Contractor may submit a hard copy with this Addendum. The submission of an *EO Policy* to OSP is a one-time requirement. Contractor is responsible for providing updates or changes to its policy, and for supplying *EO Policies* upon request to other State agencies that must also comply with this statute. If Contractor is not required by law to have an *EO Policy*, Contractor **must** submit a written statement to that effect.

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- B. **Prohibition of Employment of Illegal Immigrants.** Pursuant to Arkansas Code Annotated § 19-11-105, if a state agency is purchasing services, the Office of State Procurement (OSP) is required to have a certification on file from the Contractor stating that the Contractor does not employ or contract with illegal immigrants.

By signing this Participating Addendum, the Contractor agrees and certifies that they do not employ or contract with illegal immigrants and that they will not employ or contract with illegal immigrants during the aggregate term of the contract.

- C. **Performance Standards** Under Arkansas law, all state agencies, boards, commissions, and institutions of higher education must include performance standards when purchasing services. Performance standards **shall** be mutually agreed upon by the parties hereto for any services purchased.

21. **PERFORMANCE STANDARDS:**

Under Arkansas law, all state agencies, boards, commissions, and institutions of higher education **must** include performance standards when purchasing services. Performance Standards **must** be mutually agreed upon by the parties hereto for any services purchased.

Performance Standards		
Criteria	Acceptable Performance	Damages Applied
Monthly Customer Service Call Center Report	Contractor submits monthly Customer Service Call Center Report to EBD by date as stated in the PA.	\$250 per day for each day late past the agreed upon timeframe as stated in the PA.
Quarterly Claims Processing Report	Contractor submits quarterly Claims Processing Report to EBD by date as stated in PA.	\$250 per day for each day late past the agreed upon timeframe as stated in the PA.
Quarterly Customer Service Phone Call Response Time Report	Contractor submits quarterly Customer Service Phone Call Response Time Report to EBD by date as stated in PA.	\$250 per day for each day late past the agreed upon timeframe as stated in the PA.
Ad Hoc Reports as Requested by EBD	Contractor submits reports requested by EBD in writing, in a date and time as specified by EBD upon request.	\$250 per day for each day late past the agreed upon timeframe as stated in the written request.

22. **TERMS:**

The Participating State/Entity is agreeing to the terms of the Master Agreement only to the extent the terms are not in conflict with Arkansas law.

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23. PRIMARY CONTACTS:

The primary contacts for this participating addendum are as follows (or their named successors):

Lead Entity

Name:	Sourcewell
Contact Person:	Laura Dwyer
Address:	202 12 th Street NE, Staples, MN 56479
Telephone:	218.894.5470
E-Mail:	Laura.dwyer@sourcewell-mn.gov

Contractor

Company Name:	Colonial Life & Accident Insurance Company
Contact Person	Rob Quell, Vice president Large Employer, Alliance, And Broker Strategy
Address:	1200 Colonial Life Blvd. West, Columbia, SC 29210
Telephone:	803-608-3079
E-Mail:	rquell@coloniallife.com

Arkansas Contact

Company Name:	Colonial Life & Accident Insurance Company
Contact Person	Jessica Black Reece, ALMI, ACS, AIRC Premier Client Management
Address:	1200 Colonial Life Blvd. West, Columbia, SC 29210
Telephone:	803-678-6286 803-260-8703
E-Mail:	jblack@coloniallife.com

Employee Benefits Division Contact

Name:	Jake Bleed, Director
Address:	501 Woodlane St., Suite 500 Little Rock, AR 72201
Telephone:	501-682-5502
E-Mail:	Jake.bleed@dfa.arkansas.gov

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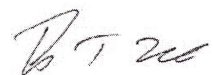
Office of State Procurement Contact

Name:	Heather Bailey
Address:	501 Woodlane Street, Suite 220, Little Rock, AR 72201
Telephone:	501.324.9320
E-Mail:	Heather.v.bailey@arkansas.gov

The contacts listed above can be changed by the parties from time to time in writing. Such updates do not require an amendment to this Addendum.

This Participating Addendum and Master Agreement 100319-CLA (administered by Sourcewell,) together with its exhibits (including any terms referenced in the Master Agreement), set forth the entire agreement between the parties with respect to the subject matter of all previous communications, representations or agreements, whether oral or written, with respect to the subject matter hereof. Terms and conditions inconsistent with, contrary or in addition to the terms and conditions of this Addendum or the Master Agreement, together with its exhibits, **shall not** be added to or incorporated into this Participating Addendum or the Master Agreement and its exhibits, by any subsequent purchase order or otherwise, and any such attempts to add or incorporate such terms and conditions are hereby rejected. The terms and conditions of this Participating Addendum and the Master Agreement and its exhibits **shall** prevail and govern in the case of any such inconsistent or additional terms within the Participating State.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date of execution by both parties below.

Participating State: Arkansas	Contractor: Colonial Life
By: 	By: 
Name: Jake Bleed	Name: Rob Quell
Title: Administrator, Employee Benefits Division of Transformation and Shared Services	Title: Vice President, Large Employer, Alliance, and Broker Strategy
Date: September 2, 2021	Date: September 2, 2021

Attachment B: Monthly Premium Rates

	2020 Rates (per \$1,000)		Proposed 2022 Rates (per \$1,000)	
	ASE	PSE	ASE	PSE
Active Basic Life and AD&D	\$ 0.26	\$ 0.18	\$ 0.28	\$ 0.20
Expanded Basic Life and AD&D	\$ 0.25	\$ 0.17	\$ 0.27	\$ 0.19
Retiree Basic/Expanded Basic and AD&D	\$ 0.89	\$ 0.89	\$ 0.98	\$ 0.98
Active Supplemental Life and AD&D				
Under 25	\$ 0.09	\$ 0.09	\$ 0.10	\$ 0.10
25-29	\$ 0.09	\$ 0.09	\$ 0.10	\$ 0.10
30-34	\$ 0.12	\$ 0.12	\$ 0.13	\$ 0.13
35-39	\$ 0.13	\$ 0.13	\$ 0.14	\$ 0.14
40-44	\$ 0.20	\$ 0.20	\$ 0.22	\$ 0.22
45-49	\$ 0.33	\$ 0.33	\$ 0.36	\$ 0.36
50-54	\$ 0.52	\$ 0.52	\$ 0.57	\$ 0.57
55-59	\$ 0.76	\$ 0.76	\$ 0.83	\$ 0.83
60-64	\$ 1.13	\$ 1.13	\$ 1.24	\$ 1.24
65-69	\$ 2.20	\$ 2.20	\$ 2.42	\$ 2.42
70-74	\$ 3.58	\$ 3.58	\$ 3.94	\$ 3.94
75+	\$ 7.14	\$ 7.14	\$ 7.85	\$ 7.85
Retiree Supplemental Life and AD&D				
Under 50	\$ 0.33	\$ 0.33	\$ 0.36	\$ 0.36
50-54	\$ 0.52	\$ 0.52	\$ 0.57	\$ 0.57
55-59	\$ 0.76	\$ 0.76	\$ 0.83	\$ 0.83
60-64	\$ 1.13	\$ 1.13	\$ 1.24	\$ 1.24
65-69	\$ 2.20	\$ 2.20	\$ 2.42	\$ 2.42
70-74	\$ 3.58	\$ 3.58	\$ 3.94	\$ 3.94
75+	\$ 7.14	\$ 7.14	\$ 7.85	\$ 7.85
Grandfathered PSE Retiree Life and AD&D				
Under 50		\$ 0.33		\$ 0.36
50-54		\$ 0.52		\$ 0.57
55-59		\$ 0.76		\$ 0.83
60-64		\$ 1.13		\$ 1.24
65-69		\$ 2.20		\$ 2.42
70-74		\$ 3.58		\$ 3.94
75+		\$ 5.57		\$ 6.13
Active Spouse Life and AD&D				
All age bands	\$ 0.68	\$ 0.68	\$ 0.75	\$ 0.75
Retiree Spouse Life and AD&D				
All age bands	\$ 1.01	\$ 1.01	\$ 1.11	\$ 1.11
Active/Retiree Child Life and AD&D				
All age bands	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12

Service Agreement
Between Arkansas Employee Benefits Division and Colonial Life Insurance Company
Sourcewell Contract 030718-CLA

1.0 Purpose

The purpose of this Service Agreement is to procure services for Group Term Life Insurance for State Employees and Public School Employees of the State of Arkansas.

2.0 Term Life Policy Requirements

A. The policy **must** meet all of the following requirements:

1. Policy **must** offer \$10,000 in Basic Life Insurance coverage to Eligible Employees as defined by the State and Public School Life and Health Insurance Board (herein referred to as "Board"), at a composite rate as listed in Attachment B.
2. The above Basic coverage **must** include Accidental Death and Dismemberment (AD&D) coverage at the Basic Life Insurance Rate set out in Attachment B. For the initial open enrollment, the calculated rate for a member **shall** be determined by the applicable age associated with the member's age as of January 1 of the applicable year using the age bands as set out in Attachment B.
3. Policy **must** offer up to \$40,000 of Expanded Basic coverage, available in \$1,000 increments, to eligible employees at the same per unit rate as Basic coverage. Expanded Basic coverage **must** also include AD&D coverage at the calculated rate.
4. Policy **must** offer up to \$250,000 of Supplemental Employee coverage, in \$1,000 increments, using the established age bands to calculate the rate. Supplemental Employee coverage **must** also include AD&D coverage at the calculated rate.
5. Policy **must** offer up to \$50,000 of Supplemental Spousal coverage, in \$1,000 increments, at a composite rate. Supplemental Spousal coverage **must** also include AD&D coverage.
6. Policy **must** offer up to \$50,000 of Supplemental Child coverage, in \$1,000 increments, at a composite rate per covered child, with no limit of number of covered children.
7. Guarantee issue amounts at initial offering **must** include \$10,000 Basic, \$40,000 Expanded Basic, \$10,000 Supplemental Spousal, and \$10,000 Supplemental Child coverage. Employees failing to secure insurance during their initial offering period will be subject to applicable medical underwriting, as determined by the Contractor, for the amounts requested. The initial offering period **shall** be defined as the first open enrollment period of this contract, within sixty (60) days of hire for new employees, and within sixty (60) days of event for newly acquired dependents or spouses.
8. Basic, Expanded Basic, and Supplemental Employee coverage continuation for retirees **must** be allowed with a benefit reduction of fifty percent (50%) upon retirement and an additional fifty percent (50%) benefit reduction at age seventy-five (75). Any loss of coverage **must** be eligible for conversion to an individually owned policy.
9. Any Basic and Expanded Basic coverage continued after retirement **must** be rated at a composite rate and **must** be independent of the composite rate for Employee Basic and Employee Expanded Basic.

10. Maximum benefit for any retiree age seventy-five (75) or greater **must** be \$25,000, comprised of no more than \$12,500 of Basic and Expanded Basic combined and no more than \$12,500 of Supplemental Employee coverage.
11. AD&D coverage **must** be equal in value to the member's Basic, Expanded Basic, and Supplemental Employee coverage, and **must** be applicable to employees without regard to age. AD&D **must** be applicable to any spouse or dependent coverage.
12. All premiums **must** be paid by the employee/retiree unless their employer makes the necessary arrangements to pay the Basic or other coverage levels.
13. Any coverage in force on the first calendar day of the month **must** remain in force until 11:59 p.m. Central Time on the last calendar day of the month provided the applicable premium is paid and the policy is in good standing.
14. Any coverage in force on December 31, 2012 through a current State or Public School life insurance policy under the incumbent Contractor's contract will be issued under the new policy at the same level of coverage and **must** continue to be in force for the entire duration of the contract.
15. Accelerated benefit **must** be included for the State and Public School life insurance policies and **must** remain in force for the entire duration of the contract, subject to the new Contractor's standard terms and conditions.
16. Any provision regarding suicide exclusion or limitation **must** be waived for any roll-over coverage in force on January 1, 2020. Coverage becoming effective January 1, 2020 or later may have suicide exclusions subject to the Contractor's standard terms and conditions.
17. A child **must** be defined as tax dependent of at least fourteen (14) days of age and less than twenty-six (26) years of age.

3.0 **Service Requirements**

- A. The Contractor **shall** provide a team, acceptable to EBD, with sufficient technical, organizational, and communication skills to fully and completely discuss the new plan options with applicable Eligible Employees at meetings at the various State Agencies and School Districts throughout the State during the annual open enrollment period of October. Anticipated group meetings will be in excess of twenty (20) attendees.
- B. The Contractor **shall** provide one (1) on-site employee acceptable to EBD during implementation and throughout the duration of the contract to serve as the Life Insurance Coordinator. This full-time coordinator **must** be physically located in the EBD offices. The coordinator **must** be replaced within thirty (30) days with an employee acceptable to EBD should EBD determine the current individual to be unacceptable.
- C. The Contractor **shall** attend Board and Benefit Committee meetings as requested by EBD. Previously, these meetings have averaged twenty (20) meetings annually, but this is only an estimate, and actual number of required meetings for the Contractor may be more or less than twenty (20). EBD will not cover the cost of travel or related expenses for this participation.
- D. The Contractor **shall** provide necessary and proper printed, telephonic, and video communication with the various school districts, State agencies and individually insured retirees to fully communicate in a time and manner acceptable to EBD the benefits, rates,

Attachment A: Service Agreement

and other applicable elements of the life insurance plan. All such communication **must** be approved in writing by the EBD Director prior to distribution.

- E. The Contractor **shall** issue plan and policy documents to covered members in accordance with applicable State law and regulations.
- F. The Contractor **shall** handle member customer service calls related to the new policy as set out in the Participating Addendum, attached as Exhibit A.
- G. The Contractor **shall** maintain a toll-free customer service number, dedicated to Arkansas covered members, throughout the duration of the contract. A trained customer service staff member **shall** be available for member inquiries between the hours of 8:00 a.m. and 5:00 p.m. Central Time, Monday through Friday (excluding State approved holidays). Eighty percent (80%) of all in-bound calls **must** be answered by a live person within forty(40) seconds.
- H. The Contractor **shall** provide monthly customer service call center reports as reflected in Exhibit A, the Participating Addendum.
- I. The Contractor **shall** execute and manage premium deductions. EBD will facilitate meetings and discussion with the various retirement systems and payroll teams.
- J. The Contractor **shall** collect, apply, and process retiree payments as deductions from an applicable retirement system, if sufficient funds are available, or as drafts from a designated account. These payments **must** be processed as a secondary deduction to health insurance.
- K. The Contractor **shall** process all post-tax employee paid premium refunds outside of a cafeteria plan. The Contractor **shall** also coordinate with applicable school district or State agency employers for pre-tax employee premium refunds. All employer paid premiums will be returned to the applicable employer.
- L. The Contractor **shall** process all claims within fifteen (15) business days of receiving all necessary and proper documentation. The first day of receiving all necessary and proper documentation **must** be counted as day one (1).
- M. The Contractor **shall** be the custodian of beneficiary records for all insured members and **must** allow for real-time, on-line beneficiary designation changes, as well as paper form designation changes.
- N. The Contractor **shall** offer, at no cost to the beneficiary, independent and non-commission-based financial consulting for any beneficiary receiving a policy benefit of \$25,000 or more. Consultation may be by phone or face-to-face, at the discretion of the beneficiary.
- O. The Contractor **shall** provide a secure enrollment website that meets the State laws for accessibility as outlined in Section 5.F below. The website **must** be a portal through which participating members may access the Contractor's website through a single-sign-on from the ARBenefits website, and it **must** provide members the capability of enrollment, beneficiary designation, rate verification, and evidence of insurability document submission. The website **must** also provide comprehensive online reporting for, enrollment, in real-time, to designated staff members of EBD.
- P. The Contractor **shall** cooperate fully with any EBD authorized audit by in-house or designated thirty-party staff and in accordance with the Audit provision of the Information Privacy and Security Agreement between Contractor and EBD with an effective date of August 30, 2019.

- Q. Following the end of each quarter, the Contractor **shall** report in a time, manner and format acceptable to EBD by the last calendar day of the month as more fully set out at Exhibit A, Participating Addendum.:
1. Performance-related details regarding timeliness of claims processing for each month of the quarter. EBD understands that Customer cannot provide personal or private information regarding claimants due to confidentiality. Contractor agrees to provide aggregated, de-identified reports as requested by EBD.
 2. Customer service phone call response time for each month of the quarter.
- R. The Contractor **shall** invoice EBD, school districts, State agencies, members, or other applicable parties in accordance with EBD established rules, timelines, formats, and procedures.

4.0 Implementation Requirements

- A. The Contractor **shall** be responsible for transition of coverage from the previous Contractor(s). Every reasonable effort will be made by EBD to facilitate the conversion.
- B. The Contractor **shall** provide an implementation team acceptable to EBD with sufficient technical and organizational skills to facilitate the necessary transition of coverage from the current Contractor(s).
- C. The Contractor **shall** provide all appropriate plan documents as requested by EBD for review during implementation and **must** work with EBD so that clarifications and questions can be addressed during implementation and to the satisfaction of the EBD Director.

5.0 General Requirements

- A. The Contractor **shall** provide a Master Group Term Life Insurance Policy and a sample Certificate. Contractor's staff **shall** be available to answer questions upon request by EBD.
- B. The Contractor **shall** maintain all data, communications, records, and similar information as agreed to in the Information Privacy and Security Agreement between Contractor and EBD with an effective date of August 30, 2019.
- C. The Contractor **shall** utilize the secure task system integrated into the ARBenefits.org site for member specific and/or protected information shared with EBD, agency or school representatives.
- D. EBD will not track, pay, or in any way manage any commission, referral fee, or the like for the selling of the insurance policy.
- E. EBD will not receive any implementation payment, selection bonus, referral fee, or the like for the selection of the Contractor and any such offer will be excluded from pricing consideration.
- F. The Contractor shall provide, immediately upon execution of the contract, a copy of Colonial Life's Disaster Recovery Program Overview and Business Continuity Program Overview.

6.0 Vendor Qualifications

- A. Throughout the term of the contract, the Contractor **shall** be licensed and legally authorized to conduct business in the State of Arkansas under the authority of, and in good standing with the Arkansas Department of Insurance.

Attachment A: Service Agreement

- B. The Contractor **shall** execute and submit with the signed PA an Information Privacy and Security Agreement. See Attachment C.
- C. The Contractor **shall** agree that EBD has the full authority to assess damages in accordance with Exhibit A, Participating Addendum and the provision of the Information Privacy and Security Agreement for any failure to meet or maintain any State requirement specified requirements in these documents.

INFORMATION PRIVACY AND SECURITY AGREEMENT

This Information Privacy and Security Agreement ("Agreement") is made by and between Colonial Life & Accident Insurance Company ("Colonial Life") and the Arkansas Department of Transformation and Shared Services, Employee Benefits Division ("EBD") and is effective August 30, 2019.

WHEREAS, Colonial Life is providing EBD with life insurance product offerings resulting in insurance administration and service associated with the life insurance policies ("Colonial Life Services");

WHEREAS, EBD will be providing information to Colonial Life; and,

NOW THEREFORE, in consideration of the mutual promises made herein and other good and valuable consideration, the sufficiency of which is acknowledged, the parties agree as follows:

1. Definitions.

a. "Business Information" means information that is not generally known to the public, including ideas, know how, designs, data, procedures, formulas and specifications belonging to or in the possession of EBD, and its respective agents, officers and employees. Information will be deemed Business Information, whether disclosed in written, electronic, oral, visual or other form.

Business Information also includes: (i) business plans, strategies, forecasts, projects and analyses; (ii) finances and pricing structures; (iii) business processes, methods, and models; (iv) information about employees, customers and suppliers; but does not include Nonpublic Personal Information.

b. "Personal Information" means EBD "nonpublic personal information", as that term is defined in state laws enacted to implement National Association of Insurance Commissioners "NAIC" model regulation "Privacy of Consumer Financial and Health Information Regulation" and "Standards for Safeguarding Customer Information Model Regulation," that has been given to Colonial Life by EBD. Personal Information may be in any media or format, including computerized, electronic or optical records and paper files.

c. "Confidential Information" means Personal Information and Business Information. For the purposes of this Agreement, EBD shall be the owner of its respective Confidential Information.

"Confidential Information" does not include information that (a) has become generally available to the public by the act of one who has the right to disclose such information without violating any rights of the owner of such information; (b) is known to Colonial Life prior to its disclosure by EBD; (c) is rightly furnished to Colonial Life by a third party without restriction on disclosure; or (d) is developed by Colonial Life independently of any of the Confidential Information received in confidence from EBD (e) is required to be disclosed by law.

2. Confidentiality Obligations. Colonial Life will:

a. comply with applicable Arkansas and federal laws and regulations regarding the security, confidentiality, and integrity of personal information (collectively, "Applicable Law"), including, but not limited to, the federal

Gramm-Leach-Bliley Act, the Health Insurance Portability and Accountability Act ("HIPAA") and state laws enacted to implement the NAIC model regulations promulgated thereunder ("Privacy of Consumer Financial and Health Information Regulation" and "Standards for Safeguarding Customer Information Model Regulation).

- b. will restrict access to only those employees and agents who have a need to know the Confidential Information;
- c. take appropriate action to ensure that any agent, including subcontractor, to whom it provides Confidential Information, is aware of its confidential nature and the restrictions placed on its use by the confidentiality restrictions and conditions that apply through this Agreement;
- d. use Personal Information for the purpose of providing Colonial Life Services or consistent with this Agreement;
- e. not disclose Personal Information of an individual without the individual's consent or except as allowed by Applicable Law and consistent with this Agreement;
- f. not use or disclose Business Information for any purpose except to provide Colonial Life Services or consistent with this Agreement, unless required by a court or other regulatory body having proper oversight over Colonial Life Services or otherwise required by law or regulation; and,
- g. if Colonial Life is required to disclose Business Information pursuant to an order of a court or other regulatory body having proper oversight over Colonial Life Services or otherwise as required by law, give timely notice to EBD prior to disclosure of Business Information to enable EBD to seek appropriate protective measures or other remedies prior to disclosure and/or waive compliance with the provisions of this Agreement to the extent permitted by applicable laws, unless such notice is not feasible. If notice is not feasible, Colonial Life shall disclose only that part of the Business Information which, in the opinion of its legal counsel, which by law, it is required to disclose.

3. Information Security. Colonial Life will use commercially reasonable standards based on NIST and ISO 27001/27002 standards to safeguard Confidential Information against unauthorized access, use or disclosure. Without limiting the foregoing, Colonial Life will assess, manage, and control risks relating to the security and confidentiality of Confidential Information and implement and maintain at all times an Information Security Program. "Information Security Program" means written policies and procedures, consistent with Applicable Law, adopted and maintained to (i) protect the security and confidentiality of Confidential Information; (ii) protect against any anticipated threats or hazards to the security or integrity of the Confidential Information; and (iii) protect against unauthorized access to or use of the Confidential Information.

4. Data Encryption. Colonial Life will not:

- a. transfer any Personal Information through an electronic, non-voice transmission other than a facsimile to a person outside a secure system of Colonial Life unless Colonial Life uses industry standard encryption to ensure the security of the transmission; or,
- b. move any data storage device, including a laptop computer, cell phone, personal digital assistant, disk drive or magnetic storage tape, containing Protected Information beyond the logical or physical controls of a secure system or facility of Colonial Life or the secure system or facility of any data storage contractor engaged by Colonial Life unless the Personal Information on such device is encrypted.
- c. store or retain any Confidential Information on a non-encrypted device or server.

5. Audit.

- a. Upon reasonable notice by EBD, Colonial Life will allow EBD auditors, at its own cost, to verify Colonial Life's compliance with obligations relating to Confidential Information. EBD will share the results of an audit with Colonial Life. Colonial Life reserves the right to require the execution of a nondisclosure agreement and determine timing and scope of any audit, subject to disclosure limitations under applicable privacy law and its need to maintain the integrity of its technical infrastructure.
- b. Upon request by EBD during the term of this Agreement, Colonial Life will provide a SOC1 Type II or other similar audit report as applicable to the Services being provided, which has been performed within the past year, to EBD.

6. Maintenance of Records. Colonial Life is a highly regulated entity subject to legal and regulatory record retention requirements, as well as its own internal record retention policies and practices. Colonial Life agrees to maintain Confidential Information as required by law or regulatory requirements and in accordance with Colonial Life's document retention guidelines.

Subject to any federal, state, regulatory or internal requirements concerning records retention, and upon request of EBD, Colonial Life shall either return or destroy all Personal Information once Colonial Life no longer requires the Personal Information. In the event that Colonial Life determines that returning or destroying the Personal Information is not feasible, Colonial Life shall provide to EBD notification of the conditions that make return or destruction not feasible. Upon mutual agreement of the parties that return or destruction of Personal Information is not feasible, the protections and requirements of this Agreement and the parties' respective rights and obligations hereunder shall be extended so long as Colonial Life maintains such Personal Information. Colonial Life agrees to provide a certificate of data destruction within five (5) business days of the destruction of any retained data.

7. Breach Notification.

- a. In the event of a Breach, as that term is defined by Applicable Law, including HIPAA, if applicable, involving Personal Information, Colonial Life will promptly and within five (5) business days notify EBD of the nature of the

incident, the information involved and the corrective actions taken, and reasonably cooperate with EBD in the investigation of the incident.

b. Should it become necessary for EBD to notify regulatory authorities or the impacted individuals of a Breach, or to offer credit monitoring services to the impacted individuals to prevent identity theft, then Colonial Life will indemnify EBD for the costs of providing notification and credit monitoring services to impacted individuals. Colonial Life shall have the right to approve that portion of the notification that references Colonial Life by name, function or capacity; approval shall not be unreasonably withheld or unreasonably delayed. EBD and Colonial Life agree to cooperate, in good faith, in preparing a mutually agreeable notification.

8. Indemnification. Colonial Life agrees to indemnify, defend and hold harmless EBD and its subsidiaries, affiliates, directors, officers, employees, agents, successors and assigns and all other persons and entities acting on behalf of or under the control of EBD with respect to any and all claims asserted by any employee(s) of EBD for insurance benefits under Colonial Life's individual or group life insurance policies. Colonial Life shall defend and indemnify EBD with respect to any and all claims, damages, liability and court awards including costs, expenses and attorney's fees incurred solely as a result of Colonial Life's breach of any fiduciary responsibility that Colonial Life may have under applicable law. This obligation to defend or indemnify does not extend to claims or causes of action against Colonial Life and/or EBD based in whole or in part on the acts, representations, or omissions of EBD. Colonial Life's obligation to defend and indemnify shall apply only to lawsuits in which both EBD and Colonial Life are named defendants. In discharging its obligation to defend, Colonial Life shall allow its counsel to represent the interests of EBD, if agreed to in writing by EBD and the state of Arkansas, but Colonial Life shall not be obligated to hire or compensate separate counsel on behalf of EBD should EBD choose to use separate counsel. Colonial Life is responsible for the litigation expenses, has the right to direct litigation and settlement, and to select legal counsel for legal or administrative proceedings for claims for benefits under the applicable insurance policy. However, to the extent that there are separate or surviving claims, independent of any claim for benefits pursuant to the policy, then the party named in those claims shall, except to the extent provided for in this Agreement, be solely responsible for litigation expenses, have the right to direct litigation and settlement and to select legal counsel for legal or administrative proceedings for such claims.

The foregoing indemnities are conditioned on: (a) EBD notifying Colonial Life in writing within thirty (30) days of such Loss, provided, however, that the failure of EBD to give Colonial Life such written notice will not relieve Colonial Life of its obligations hereunder except to the extent such failure materially prejudices (or results in material prejudice to Colonial Life defense of such claim) and (b) a reciprocal duty to cooperate by the parties. EBD reserves the right, as its own expense, to participate in the defense of any matter otherwise subject to indemnification by Colonial Life.

9. Insurance. Colonial Life agrees to maintain Errors and Omissions Insurance policy in an amount of not less than \$20,000,000.00 (Twenty Million Dollars). Said policy will be in place by the Start Date of this Agreement. Colonial Life will provide EBD, prior to the Contract effective date, a certificate from the insurance company, acceptable to the EBD, confirming that such insurance is in effect as of the effective date of the Agreement. Colonial Life will promptly notify EBD if such coverage is terminated or

materially modified but only in the event a policy is not replaced with a policy that meets the requirements of this agreement or there is a lapse in coverage.

Colonial Life will maintain sufficient insurance coverage to enable it to meet its obligations created by the Agreement, any of the individual policies and by Applicable Law. Colonial Life confirms that it maintains commercial liability, umbrella liability and directors and officers' liability insurance coverages. Colonial Life also maintains automobile liability and workers' compensation insurance in accordance with Applicable Law. Colonial Life maintains insurance coverage limits appropriate for its size and industry. Colonial Life reserves the right to make responsible decisions regarding insuring or self-insuring various risks.

- 10. Notices.** All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if mailed certified mail, restricted delivery to the addresses below. Notices will be effective on the date of delivery indicated on the return receipt. Notices may also be given by courier or express mail service (e.g. Federal Express).

For Colonial Life:
Colonial Life & Accident Insurance Company
Attn: Chief Litigation Counsel
1200 Colonial Life Boulevard
Columbia, SC 29210

For the EBD, notice will be sent to:

Chris Howlett, Director
Employee Benefits Division
501 Woodlane St., Suite 500
Little Rock, AR 72201

- 11. Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Arkansas, without giving effect to the principles of conflict of laws thereof and shall be deemed to have been drafted jointly by the parties and any rule pertaining to the construction of agreements resolving ambiguities against the drafting party shall therefore not apply to the interpretation or construction of this Agreement.
- 12. Severability.** If any provision of this Agreement or the application of any such provision to any person or circumstance is held invalid, illegal or unenforceable for any reason whatsoever, by a court of competent jurisdiction, the validity and enforceability of the remaining provisions or portions thereof shall not be affected.
- 13. Waiver.** The failure or delay in exercising any rights provided for in this Agreement shall not be deemed a waiver of any rights under this Agreement.
- 14. Amendment.** This Agreement may be modified or amended only upon the mutual agreement of the parties, but no such amendment or modification shall become effective until it is reduced to writing and signed by duly authorized representatives of each party.
- 15. Assignment.** No party may assign this Agreement or any of its rights and obligations hereunder.
- 16. Successors.** This Agreement is binding on successors of the parties.

17. Termination. The obligations of Colonial Life under this Agreement shall commence as of the effective date and shall remain in full force and effect until the earliest of: 1) the date this Agreement is terminated by the EBD or 2) the date the EBD no longer participates in Colonial Life's individual disability insurance plan offering. Colonial Life's confidentiality and security obligations shall survive the expiration, cancellation or termination of this Agreement.

18. Complete Agreement. This Agreement is the complete agreement of the parties concerning the subject matter hereof.

COLONIAL LIFE

By: Michelle White

Print Name: Michelle McLaughlin White

Title: VP, Client Management

EBD

By: Chris Howlett

Print Name: Chris Howlett

Title: Director